



Your business  
is our business.

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Greenbelt, Maryland 20770  
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October 15, 2013

**VIA Electronic Comment Filing System**

Marlene H. Dortch, Secretary  
Federal Communications Commission  
Office of the Secretary  
445 12<sup>th</sup> Street, SW  
Washington, DC 20554

**Re: WC Docket No. 10-90, WC Docket No. 11-42  
2013 ETC Annual Report of West Side Telephone Company WV  
Study Area Code 200277**

Dear Ms. Dortch:

On behalf of West Side Telephone Company, JSI files the attached FCC Form 481 ETC annual reporting information pursuant to sections 54.313 and 54.422 of the Commission's rules.<sup>1</sup>

Please direct any questions regarding the filing to the undersigned.

Sincerely,

John Kuykendall  
JSI Vice President  
301-459-7590  
[jkuykendall@jsitel.com](mailto:jkuykendall@jsitel.com)

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<sup>1</sup> 47 C.F.R. §§ 54.313, 54.422.

|   |  |
|---|--|
| <b>FCC Form 481 - Carrier Annual Reporting</b><br><b>Data Collection Form</b> | FCC Form 481<br>OMB Control No. 3045-0086/OMB Control No. 3045-0115<br>July 2011 |
|---|--|

|   |                    |
|---|--------------------|
| <010> Study Area Code   | 200277             |
| <015> Study Area Name   | WEST SIDE TEL-WV   |
| <020> Program Year  | 2014               |
| <030> Contact Name: Person USAC should contact with questions about this data         | Lori Hindman       |
| <035> Contact Telephone Number:<br>Number of the person identified in data line <030> | 304-983-8611       |
| <039> Contact Email Address:<br>Email of the person identified in data line <030>     | hindman@westco.net |

| ANNUAL REPORTING FOR ALL CARRIERS   |   | 54.711<br>Completion<br>Required    | 54.422<br>Completion<br>Required    |
|---|---|-------------------------------------|-------------------------------------|
| <100> Service Quality Improvement Reporting   | (complete attached worksheet)             | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| <200> Outage Reporting (voice)  | (complete attached worksheet)             | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| <210> <input checked="" type="checkbox"/> <-- check box if no outages to report           |   |                                     |                                     |
| <300> Unfulfilled Service Requests (voice)  | 0   | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| <310> Detail on Attempts (voice)  | (attach descriptive document)             | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| <320> Unfulfilled Service Requests (broadband)  | (attach descriptive document)             | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| <330> Detail on Attempts (broadband)  | (attach descriptive document)             | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| <400> Number of Complaints per 1,000 customers (voice)                                    |   | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| <410> Fixed   | 0.0                                       |                                     |                                     |
| <420> Mobile  |   |                                     |                                     |
| <430> Number of Complaints per 1,000 customers (broadband)                                |   | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| <440> Fixed   |   |                                     |                                     |
| <450> Mobile  |   |                                     |                                     |
| <500> Service Quality Standards & Consumer Protection Rules Compliance                    | (check to indicate certification)         | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| <510> 200277wva510  | (attach descriptive document)             | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| <600> Functionality in Emergency Situations   | (check to indicate certification)         | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| <610> 200277wv610   | (attach descriptive document)             | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| <700> Company Price Offerings (voice)   | (complete attached worksheet)             | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| <710> Company Price Offerings (broadband)   | (complete attached worksheet)             | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| <800> Operating Companies and Affiliates  | (complete attached worksheet)             | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| <900> Tribal Land Offerings (Y/N)? <input type="radio"/> <input checked="" type="radio"/> | (if yes, complete attached worksheet)     | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| <1000> Voice Services Rate Comparability  | (check to indicate certification)         | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| <1010> <input type="checkbox"/>   | (attach descriptive document)             | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| <1100> Terrestrial Backhaul (Y/N)? <input checked="" type="radio"/> <input type="radio"/> | (if not, check to indicate certification) | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| <1110>  | (complete attached worksheet)             | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| <1200> Terms and Condition for Lifeline Customers   | (complete attached worksheet)             | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |

**Price Cap Carriers, Proceed to Price Cap Additional Documentation Worksheet**  
 Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers

|        |                                   |                          |                                     |
|--------|-----------------------------------|--------------------------|-------------------------------------|
| <2000> | (check to indicate certification) | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| <2005> | (complete attached worksheet)     | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

**Rate of Return Carriers, Proceed to ROR Additional Documentation Worksheet**

|        |                                   |                                     |                                     |
|--------|-----------------------------------|-------------------------------------|-------------------------------------|
| <3000> | (check to indicate certification) | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| <3005> | (complete attached worksheet)     | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |

**(100) Service Quality Improvement Reporting  
Data Collection Form**

 FCC Form 481  
 OMB Control No. 3060-0986/OMB Control No. 3060-0819  
 July 2013

|       |   |   |
|-------|---|---|
| <010> | Study Area Code   | 200277  |
| <015> | Study Area Name   | WEST SIDE TEL-WV  |
| <020> | Program Year  | 2014  |
| <030> | Contact Name - Person USAC should contact regarding this data   | Lori Hindman  |
| <035> | Contact Telephone Number - Number of person identified in data line <030>                                 | 304-983-8611  |
| <039> | Contact Email Address - Email Address of person identified in data line <030>                             | hindman@westco.net  |
| <110> | Has your company received its ETC certification from the FCC?   | (yes / no) <input type="radio"/> <input checked="" type="radio"/> |
| <111> | If your answer to Line <110> is yes, do you have an existing §54.202(a) "5 year plan" filed with the FCC? | (yes / no) <input type="radio"/> <input type="radio"/>            |

If your answer to Line <111> is yes, then you are required to file a progress report, on line <112> delineating the status of your company's existing § 54.202(a) "5 year plan" on file with the FCC, as it relates to your provision of voice telephony service.

- <112> Attach Five-Year Service Quality Improvement Plan or, in subsequent years, your annual progress report filed pursuant to 47 C.F.R. § 54.313(a)(1). If your company is a CETC which only receives frozen support, your progress report is only required to address voice telephony service.

Name of Attached Document (.pdf)

Please check these boxes below to confirm that the attached PDF, on line 112, contains a progress report on its five-year service quality improvement plan pursuant to § 54.202(a). The information shall be submitted at the wire center level or census block as appropriate.

- <113> Maps detailing progress towards meeting plan targets  
 <114> Report how much universal service (USF) support was received  
 <115> How (USF) was used to improve service quality  
 <116> How (USF) was used to improve service coverage  
 <117> How (USF) was used to improve service capacity  
 <118> Provide an explanation of network improvement targets not met in the prior calendar year.

|  |
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|  |

OMB Control No. 3060-0986/OMB Control No. 3060-0819  
July 2013

| <015> | Study Area Name | WEST SIDE TEL-WV |
|-------|-----------------|------------------|
|-------|-----------------|------------------|

|       |              |      |
|-------|--------------|------|
| <020> | Program Year | 2014 |
|-------|--------------|------|

<030> Contact Name - Person USAC should contact regarding this data Lori Hindman

<035> Contact Telephone Number - Number of person identified in data line <030> 304-983-8611

<039> Contact Email Address - Email Address of person identified in data line <030> hindman@westco.net

|       |     |      |      |      |      |      |      |     |     |     |     |     |
|-------|-----|------|------|------|------|------|------|-----|-----|-----|-----|-----|
| <220> | <a> | <b1> | <b2> | <b3> | <b4> | <c1> | <c2> | <d> | <e> | <f> | <g> | <h> |
|-------|-----|------|------|------|------|------|------|-----|-----|-----|-----|-----|

[illegible]

OMB Control No. 3060-1586/OMB Control No. 3060-0819  
July 2013

<701> Residential Local Service Charge Effective Date  
<702> Single State-wide Residential Local Service Charge

1/1/2013

[illegible]

-- See attached worksheet

|       |   |                    |
|-------|---|--------------------|
| <010> | Study Area Code   | 200277             |
| <015> | Study Area Name   | WEST SIDE TEL-WV   |
| <020> | Program Year  | 2014               |
| <030> | Contact Name - Person USAC should contact regarding this data                 | Lori Hindman       |
| <035> | Contact Telephone Number - Number of person identified in data line <030>     | 304-983-8611       |
| <039> | Contact Email Address - Email Address of person identified in data line <030> | hindman@westco.net |

[illegible]

|   |  |
|---|--|
| (800) Operating Companies<br>Data Collection Form | FCC Form 480<br>OMB Control No. 3060-0086 / OMB Control No. 3060-0839<br>July 2013 |
|---|--|

|       |   |                             |
|-------|---|-----------------------------|
| <010> | Study Area Code   | 200277                      |
| <015> | Study Area Name   | WEST SIDE TEL-WV            |
| <020> | Program Year  | 2014                        |
| <030> | Contact Name - Person USAC should contact regarding this data                 | Lori Hindman                |
| <035> | Contact Telephone Number - Number of person identified in data line <030>     | 304-983-8611                |
| <039> | Contact Email Address - Email Address of person identified in data line <030> | hindman@westco.net          |
| <810> | Reporting Carrier   | West Side Telephone Company |
| <811> | Holding Company   | Telatlantic                 |
| <812> | Operating Company   | West Side Telephone Company |

[illegible]

**(900) Tribal Land Reporting  
Data Collection Form**

ETC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

|       |   |                    |
|-------|---|--------------------|
| <010> | Study Area Code   | 200277             |
| <015> | Study Area Name   | WEST SIDE TEL-WV   |
| <020> | Program Year  | 2014               |
| <030> | Contact Name - Person USAC should contact regarding this data                 | Lori Hindman       |
| <035> | Contact Telephone Number - Number of person identified in data line <030>     | 304-983-8611       |
| <039> | Contact Email Address - Email Address of person identified in data line <030> | hindman@westco.net |

<910> Tribal Land(s) on which ETC Serves

<920> Tribal Government Engagement Obligation

Name of Attached Document (.pdf)

If your company serves Tribal lands, please select (Yes,No, NA) for each these boxes to confirm the status described on the attached PDF, on line 920, demonstrates coordination with the Tribal government pursuant to § 54.313(a)(9) includes:

- <921> Needs assessment and deployment planning with a focus on Tribal community anchor institutions;
- <922> Feasibility and sustainability planning;
- <923> Marketing services in a culturally sensitive manner;
- <924> Compliance with Rights of way processes
- <925> Compliance with Land Use permitting requirements
- <926> Compliance with Facilities Siting rules
- <927> Compliance with Environmental Review processes
- <928> Compliance with Cultural Preservation review processes
- <929> Compliance with Tribal Business and Licensing requirements.

| Select<br>(Yes,No,<br>NA) |
|---------------------------|
|                           |
|                           |
|                           |
|                           |
|                           |
|                           |
|                           |
|                           |
|                           |



**(1100) No Terrestrial Backhaul Reporting  
Data Collection Form**

FOU Form 451

OMB Control No. 3060-0086/OMB Control No. 3060-0819  
July 2013

|       |   |                    |
|-------|---|--------------------|
| <010> | Study Area Code   | 200277             |
| <015> | Study Area Name   | WEST SIDE TEL-WV   |
| <020> | Program Year  | 2014               |
| <030> | Contact Name - Person USAC should contact regarding this data                 | Lori Hindman       |
| <035> | Contact Telephone Number - Number of person identified in data line <030>     | 304-983-8611       |
| <039> | Contact Email Address - Email Address of person identified in data line <030> | hindman@westco.net |

Please check this box to confirm no terrestrial backhaul  
<1120> options exist within the supported area pursuant to § 54.313(G) ☐

Please check this box to confirm the reporting carrier offers  
<1130> broadband service of at least 1 Mbps downstream and 256 kbps  
upstream within the supported area pursuant to § 54.313(G) ☐

**(1200) Terms and Condition for Lifeline Customers****Lifeline****Data Collection Form**

FCC Form 411

OMB Control No. 3060-0386/OMB Control No. 3060-0819

July 2015

|       |   |                    |
|-------|---|--------------------|
| <010> | Study Area Code   | 200277             |
| <015> | Study Area Name   | WEST SIDE TEL-WV   |
| <020> | Program Year  | 2014               |
| <030> | Contact Name - Person USAC should contact regarding this data                 | Lori Hindman       |
| <035> | Contact Telephone Number - Number of person identified in data line <030>     | 304-983-8611       |
| <039> | Contact Email Address - Email Address of person identified in data line <030> | hindman@westco.net |

&lt;1210&gt; Terms &amp; Conditions of Voice Telephony Lifeline Plans

200277wv1210

Name of attached document (.pdf)

&lt;1220&gt; Link to Public Website

HTTP

"Please check these boxes below to confirm that the attached PDF, on line 1210, or the website listed, on line 1220, contains the required information pursuant to § 54.422(a)(2) annual reporting for ETCs receiving low-income support, carriers must annually report:

&lt;1221&gt; Information describing the terms and conditions of any voice telephony service plans offered to Lifeline subscribers,



&lt;1222&gt; Details on the number of minutes provided as part of the plan,



&lt;1223&gt; Additional charges for toll calls, and rates for each such plan.



|   |  |
|---|--|
| <b>(2000) Price Cap Carrier Additional Documentation</b><br><b>Data Collection Form</b><br><i>Including Rate of Return Carriers affiliated with Price Cap Local Exchange Carriers</i> | FCC Form 481<br>OMB Control No. 3060-1060 OMB Control No. 3060-0610<br>July 2013 |
|---|--|

|       |   |                    |
|-------|---|--------------------|
| <010> | Study Area Code   | 200277             |
| <015> | Study Area Name   | WEST SIDE TEL-WV   |
| <020> | Program Year  | 2014               |
| <030> | Contact Name - Person USAC should contact regarding this data                 | Lori Hindman       |
| <035> | Contact Telephone Number - Number of person identified in data line <030>     | 304-983-8611       |
| <039> | Contact Email Address - Email Address of person identified in data line <030> | hindman@westco.net |

CHECK the boxes below to note compliance as a recipient of Incremental Connect America Phase I support, frozen High Cost support, High Cost support to offset access charge reductions, and Connect America Phase II support as set forth in 47 CFR § 54.313(b),(c),(d),(e) the information reported on this form and in the documents attached below is accurate.

**Incremental Connect America Phase I reporting**

- <2010> 2nd Year Certification {47 CFR § 54.313(b)(1)} ☐
- <2011> 3rd Year Certification {47 CFR § 54.313(b)(2)} ☐

**Price Cap Carrier Receiving Frozen Support Certification {47 CFR § 54.312(a)}**

- <2012> 2013 Frozen Support Certification ☐
- <2013> 2014 Frozen Support Certification ☐
- <2014> 2015 Frozen Support Certification ☐
- <2015> 2016 and future Frozen Support Certification ☐

**Price Cap Carrier Connect America ICC Support {47 CFR § 54.313(d)}**

- <2016> Certification Support Used to Build Broadband ☐

**Connect America Phase II Reporting {47 CFR § 54.313(e)}**

- <2017> 3rd year Broadband Service Certification ☐
- <2018> 5th year Broadband Service Certification ☐
- <2019> Interim Progress Certification ☐
- <2020> Please check the box to confirm that the attached PDF, on line 2021, contains the required information pursuant to § 54.313 (e)(3)(ii), as a recipient of CAF Phase II support shall provide the number, names, and addresses of community anchor institutions to which began providing access to broadband service in the preceding calendar year. ☐
- <2021> Interim Progress Community Anchor Institutions ☐

Name of Attached Document Listing Required Information \_\_\_\_\_

|   |  |   |
|---|--|---|
| <b>2013 Rate of Return Customer Address Documentation</b> |  | OMB Control No. 3045-0081/OMB Control No. 3045-0013 |
| Data Collection Form                                      |  | July 2013   |

|       |   |                    |
|-------|---|--------------------|
| <010> | Study Area Code   | 200277             |
| <015> | Study Area Name   | WEST SIDE TEL-WV   |
| <020> | Program Year  | 2014               |
| <030> | Contact Name - Person USAC should contact regarding this data                 | Lori Hindman       |
| <035> | Contact Telephone Number - Number of person identified in data line <030>     | 304-983-8611       |
| <039> | Contact Email Address - Email Address of person identified in data line <030> | hindman@westco.net |

CHECK the boxes below to note compliance on its five year service quality plan (pursuant to 47 CFR § 54.202(a)) and, for privately held carriers, ensuring compliance with the financial reporting requirements set forth in 47 CFR § 54.313(f)(2). I further certify that the information reported on this form and in the documents attached below is accurate.

#### Progress Report on 5 Year Plan

|        |  |  |  |
|--------|--|--|--|
| (3010) | Milestone Certification (47 CFR § 54.313(f)(1)(i))<br>Please check this box to confirm that the attached PDF, on line 3012, contains the required information pursuant to § 54.313 (f)(1)(ii), as a recipient of CAF Phase II support shall provide the number, names, and addresses of community anchor institutions to which began providing access to broadband service in the preceding calendar year. | Name of Attached Document Listing Required Information | <input type="checkbox"/>                     |
| (3012) | Community Anchor Institutions (47 CFR § 54.313(f)(1)(ii))  | Name of Attached Document Listing Required Information | <input checked="" type="checkbox"/> (Yes/No) |
| (3013) | Is your company a Privately Held ROR Carrier (47 CFR § 54.313(f)(2))   |  | <input type="checkbox"/> (Yes/No)            |
| (3014) | If yes, does your company file the RUS annual report<br>Please check these boxes to confirm that the attached PDF, on line 3017, contains the required information pursuant to § 54.313(f)(2) compliance requires:   |  | <input type="checkbox"/>                     |
| (3015) | Electronic copy of their annual RUS reports (Operating Report for Telecommunications Borrowers)  |  | <input type="checkbox"/>                     |
| (3016) | PDF of Balance Sheet, Income Statement and Statement of Cash Flows   |  | <input type="checkbox"/>                     |
| (3017) | If the response is yes on line 3014, attach your company's RUS annual report and all required documentation  | Name of Attached Document Listing Required Information | <input checked="" type="checkbox"/> (Yes/No) |
| (3018) | If the response is no on line 3014, Is your company audited?<br>If the response is yes on line 3018, please check the boxes below to confirm your submission, on line 3026 pursuant to § 54.313(f)(2), contains:   |  | <input checked="" type="checkbox"/>          |
| (3019) | Either a copy of their audited financial statement; or (2) a financial report in a format comparable to RUS Operating Report for Telecommunications  |  | <input type="checkbox"/>                     |
| (3020) | PDF of Balance Sheet, Income Statement and Statement of Cash Flows   |  | <input type="checkbox"/>                     |
| (3021) | Management letter issued by the independent certified public accountant that performed the company's financial audit.  |  | <input type="checkbox"/>                     |
| (3022) | If the response is no on line 3018, please check the boxes below to confirm your submission, on line 3026 pursuant to § 54.313(f)(2), contains:<br>Copy of their financial statement which has been subject to review by an independent certified public accountant; or (2) a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers.                            |  | <input type="checkbox"/>                     |
| (3023) | Underlying information subjected to a review by an independent certified public accountant   |  | <input type="checkbox"/>                     |
| (3024) | Underlying information subjected to an officer certification.  |  | <input type="checkbox"/>                     |
| (3025) | PDF of Balance Sheet, Income Statement and Statement of Cash Flows   |  | <input type="checkbox"/>                     |
| (3026) | Attach the worksheet listing required information  | Name of Attached Document Listing Required Information | 200277wva3019                                |

|   |  |  |
|---|--|--|
| <b>Certification - Reporting Carrier Data Collection Form</b> |  | Form 181<br>OMB Control No. 3060-0085/OMB Control No. 3060-0018<br>July 2013 |
|---|--|--|

|       |   |                    |
|-------|---|--------------------|
| <010> | Study Area Code   | 200277             |
| <015> | Study Area Name   | WEST SIDE TEL-WV   |
| <020> | Program Year  | 2014               |
| <030> | Contact Name - Person USAC should contact regarding this data                 | Lori Hindman       |
| <035> | Contact Telephone Number - Number of person identified in data line <030>     | 304-983-8611       |
| <039> | Contact Email Address - Email Address of person identified in data line <030> | hindman@westco.net |

**TO BE COMPLETED BY THE REPORTING CARRIER, IF THE REPORTING CARRIER IS FILING ANNUAL REPORTING ON ITS OWN BEHALF:**

|   |                                |
|---|--------------------------------|
| <b>Certification of Officer as to the Accuracy of the Data Reported for the Annual Reporting for CAF or LI Recipients</b>   |                                |
| I certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual reporting requirements for universal service support recipients; and, to the best of my knowledge, the information reported on this form and in any attachments is accurate. |                                |
| Name of Reporting Carrier:  |                                |
| Signature of Authorized Officer:  | Date                           |
| Printed name of Authorized Officer:   |                                |
| Title or position of Authorized Officer:  |                                |
| Telephone number of Authorized Officer:   |                                |
| Study Area Code of Reporting Carrier:   | Filing Due Date for this form: |
| <small>Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.</small>                                       |                                |

|   |  |   |
|---|--|---|
| Certification Agent/Carrier<br>Data Collection Form |  | Form 481<br>OMB Control No. 3060-0047/OMB Control No. 3060-010<br>July 2013 |
|---|--|---|

|       |   |                    |
|-------|---|--------------------|
| <010> | Study Area Code   | 200277             |
| <015> | Study Area Name   | WEST SIDE TEL-WV   |
| <020> | Program Year  | 2014               |
| <030> | Contact Name - Person USAC should contact regarding this data                 | Lori Hindman       |
| <035> | Contact Telephone Number - Number of person identified in data line <030>     | 304-983-8611       |
| <039> | Contact Email Address - Email Address of person identified in data line <030> | hindman@westco.net |

TO BE COMPLETED BY THE REPORTING CARRIER, IF AN AGENT IS FILING ANNUAL REPORTS ON THE CARRIER'S BEHALF:

| Certification of Officer to Authorize an Agent to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier  |  |
|--|--|
| I certify that (Name of Agent) <u>John Staurulakis</u> is authorized to submit the information reported on behalf of the reporting carrier. I also certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual data reporting requirements provided to the authorized agent; and, to the best of my knowledge, the reports and data provided to the authorized agent is accurate. |  |
| Name of Authorized Agent: <u>John Staurulakis</u>  |  |
| Name of Reporting Carrier: <u>WEST SIDE TEL-WV</u>   |  |
| Signature of Authorized Officer: <u>CERTIFIED ONLINE</u>   | Date: <u>10/08/2013</u>                          |
| Printed name of Authorized Officer: <u>John Ludenia</u>  |  |
| Title or position of Authorized Officer: <u>Vice President and General Mgr</u>   |  |
| Telephone number of Authorized Officer: <u>304-983-8642</u>  |  |
| Study Area Code of Reporting Carrier: <u>200277</u>  | Filing Due Date for this form: <u>10/15/2013</u> |
| Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.   |  |

TO BE COMPLETED BY THE AUTHORIZED AGENT:

| Certification of Agent Authorized to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier   |  |
|--|--|
| I, as agent for the reporting carrier, certify that I am authorized to submit the annual reports for universal service support recipients on behalf of the reporting carrier; I have provided the data reported herein based on data provided by the reporting carrier; and, to the best of my knowledge, the information reported herein is accurate. |  |
| Name of Reporting Carrier: <u>WEST SIDE TEL-WV</u>   |  |
| Name of Authorized Agent or Employee of Agent: <u>John Staurulakis</u>   |  |
| Signature of Authorized Agent or Employee of Agent: <u>CERTIFIED ONLINE</u>  | Date: <u>10/08/2013</u>                          |
| Printed name of Authorized Agent or Employee of Agent: <u>Darla Parker</u>   |  |
| Title or position of Authorized Agent or Employee of Agent: <u>Manager</u>   |  |
| Telephone number of Authorized Agent or Employee of Agent: <u>512/338-0473</u>   |  |
| Study Area Code of Reporting Carrier: <u>200277</u>  | Filing Due Date for this form: <u>10/15/2013</u> |
| Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.   |  |

## Attachments

### Data Collection Form

05 03 2006 14:25:16

DIME CONTROL No. 10-69-9985 / OMB CONTROL No. 3050-0085

0472813

|       |   |                    |
|-------|---|--------------------|
| <010> | Study Area Code   | 200277             |
| <015> | Study Area Name   | WEST SIDE TEL-WV   |
| <020> | Program Year  | 2014               |
| <030> | Contact Name - Person USAC should contact regarding this data                 | Lori Hindman       |
| <035> | Contact Telephone Number - Number of person identified in data line <030>     | 304-983-8611       |
| <039> | Contact Email Address - Email Address of person identified in data line <030> | hindman@westco.net |

|       |                   |                             |
|-------|-------------------|-----------------------------|
| <810> | Reporting Carrier | West Side Telephone Company |
| <811> | Holding Company   | Telatlantic                 |
| <812> | Operating Company | West Side Telephone Company |

[illegible]



## **West Side Telephone Company – W. Va.**

### **Response to Lines 600-610 - Ability to Function in Emergency Situations**

West Side Telephone Company (“Company”) hereby certifies that it is able to function in emergency situations as set forth in the Code of Federal Regulations, Title 47, Part 54, Subpart C, §54.202(a)(2)<sup>1</sup>. The Company’s network is designed to remain functional in emergency situations without an external power source, is able to reroute traffic around damaged facilities, and is capable of managing traffic spikes resulting from emergency situations as required by Section 54.202(a)(2). The Company can change call routing translations as needed to reroute traffic around damaged facilities. Changing call routing translations also allows the Company to manage traffic spikes throughout its network, as emergency situations require.

Specifically, the Company is able to function under emergency operations in accordance with the West Virginia Public Service Commission 150.6-3 Engineering. Title 150 Legislative Rule Public Service Commission, Series 6, Rules and Regulations for the Government of Telephone Utilities. Provisions include obligations for continuity of service and emergency operations planning and service provision capability requiring that switching locations without installed emergency power facilities there shall be a mobile power unit available which can be delivered and connected on short notice. Additionally, at switching locations serving in excess of five thousand (5,000) lines, a permanent auxiliary power unit shall be installed. Company exchanges do have installed

---

<sup>1</sup> Section 54.202(a)(2) requires ETCs that are designated by the Commission to “demonstrate its ability to remain functional in emergency situations, including a demonstration that it has a reasonable amount of back-up power to ensure functionality without an external power source, is able to reroute traffic around damaged facilities, and is capable of managing traffic spikes resulting from emergency situations.”

stationery power, however, they do not exceed the 5,000 line threshold and therefore do not have permanent auxiliary power.

**West Side Telephone Company – W. Va.**

**Response to Lines 500-510 - Service Quality Standards and Consumer Protection Rules**

**Compliance**

In establishing this certification in its *2005 ETC Order*,<sup>1</sup> the FCC found that an ETC must make “a specific commitment to objective measures to protect consumers.”<sup>2</sup> The FCC found that for wireless ETCs, compliance with CTIA’s Consumer Code for Wireless Service would satisfy this requirement” and that the sufficiency of other commitments would be considered on a case-by-case basis.<sup>3</sup> In this context, the FCC stated, “to the extent a wireline or wireless ETC applicant is subject to consumer protection obligations under state law, compliance with such laws may meet our requirement.”<sup>4</sup>

**West Side Telephone Company** (“Company”) hereby certifies that it complies with applicable service quality standards and consumer protection rules under Section 150-6-1 through 150-6-6 as established by the West Virginia Public Service Commission in Title 150 Legislative Rule Public Service Commission, Series 6, Rules and Regulations for the Government of Telephone Utilities.

---

<sup>1</sup> *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Report and Order, FCC 05-46 (rel. Mar. 17, 2005) (“*2005 ETC Order*”).

<sup>2</sup> *Id.* at para. 28.

<sup>3</sup> *Id.* The FCC noted that under the CTIA Consumer Code, wireless carriers agree to: “(1) disclose rates and terms of service to customers; (2) make available maps showing where service is generally available; (3) provide contract terms to customers and confirm changes in service; (4) allow a trial period for new service; (5) provide specific disclosures in advertising; (6) separately identify carrier charges from taxes on billing statements; (7) provide customers the right to terminate service for changes to contract terms; (8) provide ready access to customer service; (9) promptly respond to consumer inquiries and complaints received from government agencies; and (10) abide by policies for protection of consumer privacy.” *Id.* at n. 71.

<sup>4</sup> *Id.* at n. 72.

These obligations include, but are not limited to, the following: (1) filing the Company's applicable tariffs which disclose rates, terms and conditions of service to customers (2) adherence to state consumer protection requirements governing telephone providers; and (3) service quality standards requirements. In addition, the Company complies with numerous federal consumer protection standards including, but not limited to: (1) Truth-in-Billing Rules outlined in 47 CFR § 64.2401; and (2) compliance with Federal CPNI rules, Red Flag Rules and other applicable federal and state requirements governing the protection of customers' privacy.

## **West Side (WV) Telephone Company**

### **Rates, Terms and Conditions for Lifeline Service**

**(Response to Form 481, Line 1210)**

Local exchange service rates and charges as specified below are for basic local exchange service and facilities only. The rates for other ancillary services not specifically shown below are presented in West Side (WV) Telephone Company's tariff(s) on file with the Public Service Commission of West Virginia. Unless otherwise specified, the rates and charges quoted below are for a period of one month, payable in advance and provide unlimited flat rate calling within the local exchange calling scope.

#### **Residential Local Exchange Access Line Rates<sup>(1)(2)</sup>:**

| <b>Residential Plan</b>  | <b>R-1 Rate</b> | <b>Res. EAS Charge</b> |
|--|-----------------|------------------------|
| Plan 1 – Economy rate exchange service which provides measured rate calling only, no usage charge allowance.   | \$ 4.50         | \$ -                   |
| Plan 2 – Flat rate calling only within the originating exchange or zone and there is no usage charge allowance to calls terminating in other exchanges or zones of the local service area. | \$ 10.50        | \$ -                   |
| Plan 3 – Flat rate calling to specified areas with measured calling to all other exchanges or zones within the local service area and has no usage charge allowance.                       | \$ 14.25        | \$ -                   |
| Plan 4 – Flat rate calling to all exchanges or zones within the local service area.  | \$ 27.45        | \$ -                   |

<sup>(1)</sup> Above listed fees do not include mandatory taxes, fees and surcharges, including, but not limited to West Virginia Universal Service Fund charges, 9-1-1 fees, and municipal franchise fees.

<sup>(2)</sup> Qualified Lifeline customers are eligible for Lifeline credits or discounts as outlined in the attached Lifeline tariff.

West Side Telephone Company DBA  
West Side Telecommunications

Section 14  
First Revised Sheet 1  
Cancels Original Sheet 1

#### S14. TEL-ASSISTANCE SERVICE

##### S14.1 General

Tel-Assistance Service is an offering designed to help qualified customers pay for their Local Exchange Service. Such qualified customers are charged a reduced rate for their local telephone service. Customers qualify for Tel-Assistance Service if:

1. The subscriber, or one or more of the subscriber's dependents or the subscriber's household, receives benefits from at least one of the following qualifying programs:

Medicaid;  
Supplemental Nutrition Assistance Program (SNAP), formerly known as Food Stamps;  
Supplemental Security Income (SSI);  
Federal Public Housing Assistance;  
Low-Income Home Energy Assistance Program (LIHEAP);  
National School Lunch Program's free lunch program;  
Temporary Assistance for Needy Families (TANF);  
Benefits under other income related state or federal programs.

2. Other eligibility requirements may be established by the Commission.

(C) Change

Issued by authority of an Order of the Public Service Commission of West Virginia in  
Case No. 12-1038-T-T dated August 16, 2012, effective August 24, 2012.

S14. TEL-ASSISTANCE SERVICE

S14.2 Regulations

1. Tel-Assistance Service is available to qualified customers and is provided via a residence message or measured rate individual line.
2. Tel-Assistance Service is Local Exchange Service, and as such, is subject to the regulations governing Local Exchange Service in Section 5 of this Tariff. The rates specified herein for Tel-Assistance Service apply in lieu of the rates for Local Exchange Service in Section 5 preceding, except as may otherwise be specified following.
3. In order to qualify for Tel-Assistance Service, a customer must be certified by the Department of Health and Human Resources to the Telephone Company as eligible for Tel-Assistance Service. (C)
4. Tel-Assistance Service will continue to be provided to a customer only so long as such customer is certified as eligible by the Department of Health and Human Resources. Eligibility for Tel-Assistance Service shall be subject to initial and continuing verification by the Department of Health and Human Resources. (C)  
| (C)
5. When the Telephone Company receives notice from the Department of Health and Human Resources, or from the customer, that the customer is no longer eligible for Tel-Assistance Service, the Telephone Company will then notify the customer that the Tel-Assistance Service will be discontinued or changed to another class of residence service. (C)  
(C)

(C) Change

Issued by authority of an Order of the Public Service Commission of West Virginia in  
Case No. 12-1038-T-T dated August 16, 2012, effective August 24, 2012.

West Side Telephone Company DBA  
West Side Telecommunications

Section 14  
First Revised Sheet 2  
Cancels Original Sheet 2

S14. TEL-ASSISTANCE SERVICES

S14.2 Regulations (continued)

6. No other Local Exchange Service may be provided in the same household with a Tel-Assistance Service to either the Tel-Assistance Service customer or any other person. On addition, a Tel-Assistance Service customer may not subscribe to foreign central office, foreign exchange or foreign zone services. (C)
7. A Tel-Assistance Service includes a usage allowance of up to \$2.00 per month, for local usage, excluding optional calling plans, or any combination thereof. (C)
8. No Service ordering/record charge or central office Line Connection Charge shall apply for changing a customer to or from Tel-Assistance Service.
9. A first-time Tel-Assistance subscriber may, at his or her options and for a period of 120 days following the commencement of his or her Tel-Assistance Service, change back to the service his or e had immediately prior to commencement of his or her Tel-Assistance Service, and the following regulations will be in effect for such change of service.
  - (1) No non-recurring service charges will apply.
  - (2) The customer will be billed only exchange rates and charges for the time that his or her Tel-Assistance Service was in effect that would have been charged for that period had the subscriber not made a service change within the period.
10. The Telephone Company shall not disconnect or interrupt a Tel-Assistance customer for failure to pay toll or long distance charges.

(C) Change

Issued by authority of an Order of the Public Service Commission of West Virginia in  
Case No. 12-1038-T-T dated August 16, 2012, effective August 24, 2012.



West Side Telephone Company DBA  
West Side Telecommunications

Section 14  
First Revised Sheet 3  
Cancels Original Sheet 3

# S14. TEL-ASSISTANCE SERVICE

## S14.2 Regulations (continued)

11. A Tel-Assistance customer who may be required to pay a deposit will have the deposit waived if the customer voluntarily elects Tel-Assistance Toll Restriction Service. This service is available and is provided free of charge. Tel-Assistance Toll Restriction service allows the completion of local calls, calls to the operator for the completion of collect and third number billed calls, calls to 911 and other N11 service codes, calls to Toll Free Service telephone numbers and local directory Assistance calls. However, this service prevents the origination of all IntraLATA, InterLATA and interstate calls, 700/900 calls, calls to non-local Directory Assistance, as well as the use of an Operator Service, Verification and Interrupt Service. In addition, this service prevents the billing of collect and third number calls to the Tel-Assistance Line. (C)
12. The Telephone Company may initiate Tel-Assistance Toll Restriction Service if a Tel-Assistance customer has a delinquent balance for toll and/or long distance charges of \$20.00 or more. (C)
13. The federal subscriber line charge is waived for Tel-Assistance lines.

## S14.3 Rates

|                        | Per Month |     |
|------------------------|-----------|-----|
| Tel-Assistance Service | \$3.75    | (D) |

(D) Decrease  
(C) Change

Issued by authority of an Order of the Public Service Commission of West Virginia in Case No. 12-1038-T-T dated August 16, 2012, effective August 24, 2012.

**West Side Telephone Company – W. Va.**

**Response to Form 481, Lines 3019-3021 (audited financials)**

**Note:** The following attachment contains confidential financial information that is protected from disclosure by the Protective Order adopted and released by the Federal Communications Commission on November 16, 2012 in the matter of the Connect America Fund, et al., WC Docket No. 10-90 et al.

**WEST SIDE TELEPHONE COMPANY  
AND SUBSIDIARIES  
Morgantown, Virginia**

**INDEPENDENT AUDITORS' REPORT  
CONSOLIDATED FINANCIAL STATEMENTS  
AND  
CONSOLIDATING INFORMATION**

**As of and for the Years Ended  
December 31, 2012 and 2011**

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*Turlington and Company, L.L.P.*  
*Certified Public Accountants*

**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
West Side Telephone Company and Subsidiaries  
Morgantown, West Virginia

We have audited the accompanying consolidated financial statements of West Side Telephone Company and Subsidiaries, which comprise the consolidated balance sheets as of December 31, 2012 and 2011, and the related consolidated statements of income, changes in stockholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

**Management's Responsibility for the Consolidated Financial Statements**

West Side Telephone Company and Subsidiaries' management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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## INDEPENDENT AUDITORS' REPORT (CONTINUED)

### **Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of West Side Telephone Company and Subsidiaries as of December 31, 2012 and 2011, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary consolidating information in Schedules 1 - 3 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such consolidating information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Furlington and Company, L.L.P.*

Lexington, North Carolina  
May 24, 2013

**WEST SIDE TELEPHONE COMPANY AND SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEETS**

|   | <b>December 31</b>  |                     |
|---|---------------------|---------------------|
|   | <b>2012</b>         | <b>2011</b>         |
| <b>ASSETS</b>   |                     |                     |
| Current assets:   |                     |                     |
| Cash and cash equivalents   | \$ 784,320          | \$ 790,647          |
| Accounts receivable (less allowances of \$101,912 in 2012<br>and \$127,002 in 2011) | 148,468             | 161,869             |
| Refundable income taxes   | 29,667              | 64,756              |
| Materials and supplies  | 348,996             | 383,050             |
| Prepayments   | 118,248             | 109,536             |
| Net current deferred income taxes   | 47,889              | 65,729              |
|   | <u>1,477,588</u>    | <u>1,575,587</u>    |
| Noncurrent assets:  |                     |                     |
| Accounts receivable - affiliates  | 1,400,114           | 1,212,274           |
| Other investments   | 7,216               | 7,216               |
| Net noncurrent deferred income taxes  | 47,169              |                     |
|   | <u>1,454,499</u>    | <u>1,219,490</u>    |
| Property and equipment:   |                     |                     |
| Plant in service  | 12,131,144          | 12,034,749          |
| Plant under construction  | 43,137              | 2,104               |
|   | <u>12,174,281</u>   | <u>12,036,853</u>   |
| Less, accumulated depreciation  | 10,656,898          | 10,123,795          |
|   | <u>1,517,383</u>    | <u>1,913,058</u>    |
|   | <u>\$ 4,449,470</u> | <u>\$ 4,708,135</u> |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>   |                     |                     |
| Current liabilities:  |                     |                     |
| Accounts payable  | \$ 90,952           | \$ 103,485          |
| Income taxes payable  |                     | 7,602               |
| Other accrued liabilities   | 142,376             | 165,154             |
|   | <u>233,328</u>      | <u>276,241</u>      |
| Noncurrent liabilities:   |                     |                     |
| Accounts payable - affiliate  | 199,571             | 58,842              |
| Net noncurrent deferred income taxes  |                     | 18,820              |
|   | <u>199,571</u>      | <u>77,662</u>       |
|   | <u>432,899</u>      | <u>353,903</u>      |
| Stockholders' equity:   |                     |                     |
| Capital stock   | 41,500              | 41,500              |
| Additional paid-in capital  | 5,302,818           | 5,302,818           |
| Retained earnings (deficit)   | ( 1,327,747 )       | ( 990,086 )         |
|   | <u>4,016,571</u>    | <u>4,354,232</u>    |
|   | <u>\$ 4,449,470</u> | <u>\$ 4,708,135</u> |

The accompanying notes are an integral part of the consolidated financial statements

**WEST SIDE TELEPHONE COMPANY AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**

|   | <b>Years Ended December 31</b> |                            |
|---|--------------------------------|----------------------------|
|   | <b><u>2012</u></b>             | <b><u>2011</u></b>         |
| Capital stock:  |                                |                            |
| \$100 par value; 500 shares authorized - 415 shares issued<br>and outstanding, with no changes during the years | <u>\$ 41,500</u>               | <u>\$ 41,500</u>           |
| Additional paid-in capital:   |                                |                            |
| Balances at beginning and end of years, with no changes<br>during the years                                     | <u>5,302,818</u>               | <u>5,302,818</u>           |
| Retained earnings (deficit):  |                                |                            |
| Balances at beginning of years  | ( 990,086 )                    | ( 522,197 )                |
| Net loss for the years  | ( 112,661 )                    | ( 242,889 )                |
| Dividends paid  | ( <u>225,000</u> )             | ( <u>225,000</u> )         |
| Balances at end of years  | ( <u>1,327,747</u> )           | ( <u>990,086</u> )         |
|   | <u><u>\$ 4,016,571</u></u>     | <u><u>\$ 4,354,232</u></u> |

The accompanying notes are an integral part of the consolidated financial statements



**WEST SIDE TELEPHONE COMPANY AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF INCOME**

|   | <b>Years Ended December 31</b> |                       |
|---|--------------------------------|-----------------------|
|   | <b><u>2012</u></b>             | <b><u>2011</u></b>    |
| Operating revenues:                             |                                |                       |
| Basic local network service                     | \$ 933,912                     | \$ 920,270            |
| Network access and long distance revenue        | 1,686,247                      | 1,825,870             |
| Other sales and service revenue                 | 1,322,232                      | 1,403,192             |
| Miscellaneous                                   | 163,837                        | 175,924               |
| Less, uncollectible operating revenues          | ( 15,700 )                     | ( 31,689 )            |
|   | <u>4,090,528</u>               | <u>4,293,567</u>      |
| Operating expenses:                             |                                |                       |
| Plant specific operations                       | 700,201                        | 687,780               |
| Plant nonspecific operations                    | 318,902                        | 378,804               |
| Depreciation and amortization                   | 554,424                        | 600,367               |
| Customer operations                             | 329,843                        | 332,038               |
| Corporate operations                            | 1,510,410                      | 1,473,388             |
| Cost of other sales and service                 | 758,665                        | 1,018,017             |
| Operating taxes                                 | 85,182                         | 43,081                |
|   | <u>4,257,627</u>               | <u>4,533,475</u>      |
| Operating loss                                  | ( 167,099 )                    | ( 239,908 )           |
| Nonoperating expense:                           |                                |                       |
| Interest expense                                | 44                             | 909                   |
| Loss before income taxes                        | ( 167,143 )                    | ( 240,817 )           |
| Federal and state income tax expense (benefits) | ( 54,482 )                     | 2,072                 |
| Net loss for the years                          | <u>( \$ 112,661 )</u>          | <u>( \$ 242,889 )</u> |

The accompanying notes are an integral part of the consolidated financial statements

**WEST SIDE TELEPHONE COMPANY AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

|   | <b>Years Ended December 31</b> |                    |
|---|--------------------------------|--------------------|
|   | <b><u>2012</u></b>             | <b><u>2011</u></b> |
| Cash flows from operating activities:   |                                |                    |
| Net loss for the years  | ( \$ 112,661 )                 | ( \$ 242,889 )     |
| Adjustments to reconcile net loss to net cash provided by operating activities: |                                |                    |
| Depreciation and amortization   | 554,424                        | 600,367            |
| Allowance for uncollectible accounts  | ( 32,152 )                     | 16,251             |
| Deferred income taxes   | ( 48,149 )                     | 68,525             |
| Changes in assets and liabilities:  |                                |                    |
| Accounts receivable   | 45,553                         | ( 11,451 )         |
| Accounts receivable - affiliates  | ( 29,233 )                     | ( 177,167 )        |
| Refundable income taxes   | 27,487                         | ( 19,523 )         |
| Materials and supplies  | 34,054                         | 157,072            |
| Prepayments   | ( 8,712 )                      | 11,679             |
| Accounts payable  | ( 12,533 )                     | ( 189,206 )        |
| Accounts payable - affiliate  | ( 17,878 )                     | 46,835             |
| Other accrued liabilities   | ( 22,778 )                     | ( 30,780 )         |
| Net cash provided by operating activities                                       | <u>377,422</u>                 | <u>229,713</u>     |
| Cash flows from investing activities:   |                                |                    |
| Extension and replacement of plant  | ( 158,749 )                    | ( 328,333 )        |
| Cash flows from financing activities:   |                                |                    |
| Dividends paid  | ( 225,000 )                    | ( 225,000 )        |
| Net decrease in cash  | ( 6,327 )                      | ( 323,620 )        |
| Cash and cash equivalents at beginning of years                                 | <u>790,647</u>                 | <u>1,114,267</u>   |
| Cash and cash equivalents at end of years                                       | <u>\$ 784,320</u>              | <u>\$ 790,647</u>  |
| Cash expended during the years for:   |                                |                    |
| Interest  | <u>\$ 44</u>                   | <u>\$ 909</u>      |
| Income taxes  | <u>\$ -</u>                    | <u>\$ 27,125</u>   |

The accompanying notes are an integral part of the consolidated financial statements

## **WEST SIDE TELEPHONE COMPANY AND SUBSIDIARIES**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**As of and for the Years Ended December 31, 2012 and 2011**

#### **1. Summary of Significant Accounting Policies:**

These consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States of America. The more significant of these principles are described as follows:

##### **Basis of Consolidation**

The consolidated financial statements include the accounts of West Side Telephone Company (a corporation) and its wholly-owned subsidiaries, Communications Plus, Inc. and Westco Internet, Inc. (hereinafter referred to collectively as the Company). The subsidiaries are accounted for as purchases. All intercompany transactions have been eliminated in consolidation.

##### **Cash and Cash Equivalents**

Cash and cash equivalents include cash and short-term, highly liquid investments that are readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, only investments with original maturities of three months or less qualify as cash equivalents.

##### **Accounts Receivable**

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances which continue to remain outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to trade accounts receivable.

##### **Materials and Supplies**

Inventories are valued at cost. The average cost method is used to value those items on which perpetual inventory records are kept, and the first-in, first-out method is used to value those items on which no perpetual records are kept.

##### **Property and Equipment**

Additions to property and equipment consist of all direct labor and materials, outside cost of plant construction, and related construction costs, including administrative, engineering, and general overhead.

The cost of units of property retired, including removal costs (net of salvage, if any), is deducted from accumulated depreciation, and the cost of related replacements considered to be units of property is added to plant in service.

Repairs to and replacement of items which are considered less than units of property are charged to expense.

##### **Depreciation**

Depreciation of plant in service is computed by use of the straight-line method.

## WEST SIDE TELEPHONE COMPANY AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 1. Summary of Significant Accounting Policies (Continued):

##### Taxes Collected

The Company collects federal excise tax, communications tax, and sales tax from customers. The amount billed or collected is credited to a liability account and, as payments are made, this account is charged. At any point in time, this account represents the net amount owed to the taxing authorities for amounts billed or collected.

##### Income Taxes

Deferred taxes are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

The Company has determined that it has no uncertain income tax positions as of December 31, 2012 and 2011. Also, the Company does not anticipate any increase or decrease in unrecognized tax benefits during the next twelve months that would result in a material change to its financial position. The Company's income tax returns for years ended after December 31, 2009 remain open for examination.

The Company includes interest and penalties in the consolidated financial statements as a component of income tax expense. No interest or penalties are included in the Company's income tax expense for the years ended December 31, 2012 and 2011.

##### Use of Estimates

The preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### 2. Nature of Operations and Concentration of Credit Risk:

West Side Telephone Company is a telephone company that provides telephone services to its customers located in northern West Virginia and southwestern Pennsylvania. West Side Telephone Company has two wholly-owned subsidiaries, Communications Plus, Inc., which provides interconnect services and is a competing local telecommunications service provider, and Westco Internet, Inc., which is an internet provider formed during the year ended December 31, 2003.

The consolidated Company's revenues from each area of service provided are as follows:

|  |             |
|--|-------------|
| Basic area revenue                       | 23%         |
| Network access and long distance revenue | 41%         |
| Other                                    | 36%         |
|  | <u>100%</u> |

## WEST SIDE TELEPHONE COMPANY AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### **2. Nature of Operations and Concentration of Credit Risk (Continued):**

The Company places its cash and cash equivalents on deposit with financial institutions in the United States. On July 21, 2010, the Federal Deposit Insurance Corporation (FDIC) permanently increased coverage to \$250,000 for substantially all depository accounts held in FDIC-insured institutions. Also, the FDIC temporarily provided unlimited coverage for certain qualifying and participating noninterest-bearing transaction accounts. As scheduled, the unlimited insurance coverage for noninterest-bearing transaction accounts provided under the Dodd-Frank Wall Street Reform and Consumer Protection Act expired on December 31, 2012. Deposits held in noninterest-bearing transaction accounts are now aggregated with any interest-bearing deposits the owner may hold in the same ownership category, and the combined total is insured up to at least \$250,000. During the years, the Company from time to time may have had amounts on deposit in excess of the insured limit. As of December 31, 2012, the Company had no amounts on deposit which exceeded the insured amount.

#### **3. Plant in Service:**

The major classes of plant in service are summarized as follows:

|                                | <u>2012</u>          | <u>2011</u>          |
|--------------------------------|----------------------|----------------------|
| Land                           | \$ 48,360            | \$ 48,360            |
| Buildings                      | 937,201              | 924,065              |
| Central office equipment       | 4,147,532            | 4,102,017            |
| Outside plant                  | 5,119,494            | 5,105,974            |
| Furniture and office equipment | 1,309,940            | 1,285,716            |
| Vehicles and work equipment    | 568,617              | 568,617              |
|                                | <u>\$ 12,131,144</u> | <u>\$ 12,034,749</u> |

Depreciation expense on the above plant amounted to \$554,424 and \$600,367, respectively, for the years ended December 31, 2012 and 2011.

#### **4. Other Investments:**

Other investments consist of Rural Telephone Finance Cooperative patronage capital.

#### **5. Deferred Compensation:**

The Company maintains a deferred compensation plan, as permitted by Section 401(k) of the Internal Revenue Code. Previously, employees with ninety days of service were eligible to participate. Eligible employees who contributed to the plan received a 50% match on up to 5% of eligible compensation from the Company. The Company contributed \$12,055 to the plan for the year ended December 31, 2011.

Effective April 12, 2012, the Company's 401(k) plan was merged into one plan covering all three of the subsidiaries of TelAtlantic Communications, Inc. This plan provides that employees with ninety days of service are eligible to participate. Employees who contribute to the plan receive a 50% match on up to 5% of eligible compensation from the Company. Each year the Company may also contribute between 0% and 15% of total compensation for eligible participants. The Company contributed \$11,396 to the plan for 2012.

# WEST SIDE TELEPHONE COMPANY AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 6. Income Taxes:

An analysis of the Company's income tax expense (benefits) for the years ended December 31, 2012 and 2011 is as follows:

|   | <u>2012</u>        | <u>2011</u>     |
|---|--------------------|-----------------|
| Gross amounts shown by income tax returns | (\$ 6,333)         | (\$ 66,453)     |
| Deferred income taxes                     | ( 48,149)          | 68,525          |
|   | <u>(\$ 54,482)</u> | <u>\$ 2,072</u> |

Beginning in 2004, the Company began filing consolidated federal income tax returns with its 80% stockholder, TelAtlantic Communications, Inc. (TelAtlantic), and other companies affiliated with TelAtlantic through ownership. The amounts shown above as "Gross amounts shown by income tax returns" reflect amounts owed to/due from TelAtlantic or affiliates for federal income taxes or reflected on separate state income tax returns.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets and liabilities as of December 31, 2012 and 2011 are as follows:

|   | <u>2012</u>      | <u>2011</u>      |
|---|------------------|------------------|
| Deferred tax assets:                              |                  |                  |
| Book over tax allowance for doubtful accounts     | \$ 43,785        | \$ 54,437        |
| Book (over) under tax property and equipment      | 26,801           | ( 47,276)        |
| Book over tax accrued vacation                    | 4,104            | 10,293           |
| Book over tax accrued sick leave                  |                  | 999              |
| State net operating loss carryovers               | <u>139,809</u>   | <u>125,864</u>   |
|   | 214,499          | 144,317          |
| Less, valuation allowance for deferred tax assets | <u>119,441</u>   | <u>97,408</u>    |
|   | <u>\$ 95,058</u> | <u>\$ 46,909</u> |

Classification on the consolidated balance sheets is as follows:

|                                     | <u>2012</u>      | <u>2011</u>      |
|-------------------------------------|------------------|------------------|
| Net current assets                  | \$ 47,889        | \$ 65,729        |
| Net noncurrent assets (liabilities) | <u>47,169</u>    | <u>( 18,820)</u> |
|                                     | <u>\$ 95,058</u> | <u>\$ 46,909</u> |

Net operating loss carryovers may be carried forward up to twenty years for state income tax purposes. Due to uncertainty in generating future taxable profits to utilize the net operating loss carryovers, a valuation allowance for deferred tax assets of \$97,408 was established at December 31, 2011, and \$22,033 was added to the allowance at December 31, 2012.

## WEST SIDE TELEPHONE COMPANY AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 6. Income Taxes (Continued):

The Company has the following state net operating loss carryovers to offset future tax liabilities, if any:

| <u>Year of Origin</u> | <u>Net Operating<br/>Loss Carryovers</u> |
|-----------------------|--|
| 2004                  | \$ 239,734                               |
| 2005                  | 376,805                                  |
| 2006                  | 179,071                                  |
| 2007                  | 91,238                                   |
| 2010                  | 245,346                                  |
| 2011                  | 323,291                                  |
| 2012                  | 172,963                                  |

#### 7. Contingencies:

The Company's shared revenues, which consist primarily of toll and access charges, are subject to periodic audits by the connecting carriers. Any overpayments and underpayments arising from audits that took place during the years ended December 31, 2012 and 2011 are reflected in the accompanying consolidated financial statements.

The Company has a number of Company credit cards tied to one main account. The total credit limit on these cards amounts to \$97,000.

Effective February 1, 2012, the Company, jointly with its parent company, TelAtlantic Communications, Inc. (TelAtlantic), entered into an employment agreement with an individual for the position of Vice President of Operations and General Manager of the Company for two years. This agreement specifies annual compensation, plus benefits, and a minimum annual increase of 3% per year over the term. If this employee is terminated without cause, as defined in the agreement, or if the employee terminates employment with cause, as defined in the agreement, the Company is jointly obligated, with TelAtlantic, to pay the employee, in a lump sum within fourteen days, nine months' salary, plus an amount equal to three months' benefits, grossed up for income taxes. The initial salary for this position is \$120,000.

Effective February 1, 2007, the Company, jointly with its parent company, TelAtlantic Communications, Inc. (TelAtlantic), and the other subsidiaries of TelAtlantic, entered into an employment agreement with an individual for the position of President/Chief Executive Officer of TelAtlantic for a five-year term. The agreement specifies annual compensation, plus benefits, and a minimum annual increase of 3% per year over the term. If this employee is terminated without cause, as defined in the agreement, or if the employee terminates employment with cause, as defined in the agreement, the Company is jointly obligated with TelAtlantic and the other subsidiaries of TelAtlantic, to pay the employee, in a lump sum within fourteen days, twenty-four months' salary, plus an amount equal to eighteen months' benefits, grossed up for income taxes. The initial salary for this position was \$120,000. The initial term of the employment agreement was for five years and the agreement automatically renews annually, unless terminated in accordance with the employment agreement. Currently, the agreement is renewed as of February 1, 2013.

## WEST SIDE TELEPHONE COMPANY AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### **7. Contingencies (Continued):**

Also effective February 1, 2007, the Company, jointly with its parent company, TelAtlantic Communications, Inc. (TelAtlantic), and the other subsidiaries of TelAtlantic, entered into retainer agreements with two agents for the positions of Corporate Attorney and Chief Financial Officer for five-year terms. These agreements specify annual retainers to be paid, plus benefits, out-of-pocket expenses, and a minimum annual increase of 3% per year over the term. If these agents are terminated without cause, as defined in the agreements, or if the agents terminate agency with cause, as defined in the agreements, the Company is jointly obligated with TelAtlantic and the other subsidiaries of TelAtlantic, to pay the agents, in a lump sum within fourteen days, twenty-four months' retainer, plus an amount equal to eighteen months' benefits (medical, dental, and vision care), grossed up for income taxes. The initial retainers for these positions were \$102,000 each plus benefits. The initial term of the employment agreements was for five years and the agreements automatically renew annually, unless terminated in accordance with the employment agreements. Currently, the agreements are renewed as of February, 1, 2013.

During the year ended December 31, 2003, TelAtlantic Communications, Inc. (TelAtlantic), the majority stockholder of the Company, obtained an \$8,500,000 loan with the Rural Telephone Finance Cooperative (RTFC). The loan was obtained to refinance the balances owed to the Rural Utilities Service (RUS) and the RTFC by the Company and another organization owned by TelAtlantic. The amounts refinanced were in exchange for a fifteen-year note with TelAtlantic which matures December 1, 2018. As a requirement of this loan, the RTFC took a security interest in substantially all of the assets of the Company. TelAtlantic and its subsidiaries are required by the RTFC to maintain certain financial ratios/requirements. At December 31, 2012, TelAtlantic Communications, Inc. and Subsidiaries failed to meet the requirement under the RTFC loan to maintain a times earned ratio greater than 1.5 and a debt service coverage ratio of 1.25. The RTFC has waived this requirement for one year.

#### **8. Related Party Transactions:**

The Company entered into a management agreement with TelAtlantic Communications, Inc. (TelAtlantic), an 80% stockholder, in June 2000. Under this agreement, TelAtlantic will provide management assistance with a variety of issues for West Side Telephone Company, its subsidiaries, and any later acquired subsidiaries. The Company paid TelAtlantic \$768,000 each year for services provided under this agreement during the years ended December 31, 2012 and 2011. The Company had accounts payable to TelAtlantic amounting to \$198,271 and \$58,842, respectively, as of December 31, 2012 and 2011. The Company also owed Miller Telephone Company \$1,300 on open account at December 31, 2012.

TelAtlantic owed the Company \$1,342,377 and \$1,189,079, respectively, at December 31, 2012 and 2011 for the tax benefit of using the Company's tax losses on the consolidated federal income tax return, advances, and on open account.

The Company also provided the following services to affiliates:

|                                  | <u>2012</u>       | <u>2011</u>       |
|----------------------------------|-------------------|-------------------|
| Accounting and billing services  | \$ 23,580         | \$ 23,580         |
| Internet technical support       | 41,222            | 42,216            |
| Central office equipment support | 6,000             | 6,000             |
| Accounting software use          | 83,989            | 86,400            |
|                                  | <u>\$ 154,791</u> | <u>\$ 158,196</u> |



**WEST SIDE TELEPHONE COMPANY AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**8. Related Party Transactions (Continued):**

At December 31, 2012 and 2011, the Company was owed \$57,737 and \$23,195, respectively, by affiliates related to providing these services.

**9. Change in Accounts Receivable Valuation Allowance:**

An analysis of the Company's valuation allowance is as follows:

|                                  | <u>2012</u>       | <u>2011</u>       |
|----------------------------------|-------------------|-------------------|
| Beginning balances               | \$ 127,002        | \$ 104,752        |
| Additions to valuation allowance | 15,700            | 31,689            |
| Write-offs (net of recoveries)   | ( 40,790)         | ( 9,439)          |
| Ending balances                  | <u>\$ 101,912</u> | <u>\$ 127,002</u> |

**10. Reclassifications:**

Certain items for the year ended December 31, 2011 have been reclassified herein to conform to the presentation used for the year ended December 31, 2012.

**11. Subsequent Events:**

Company management has evaluated all subsequent events through May 24, 2013, the date the consolidated financial statements were available to be issued.

**SUPPLEMENTARY CONSOLIDATING INFORMATION**

## WEST SIDE TELEPHONE COMPANY AND SUBSIDIARIES

CONSOLIDATING BALANCE SHEETS

|  | 2012 Consolidating Information    |                              |                          |                          | Consolidated        |                     |
|--|-----------------------------------|------------------------------|--------------------------|--------------------------|---------------------|---------------------|
|  | West Side<br>Telephone<br>Company | Communications<br>Plus, Inc. | Westco<br>Internet, Inc. | Eliminating<br>Entries   | December 31<br>2012 | 2011                |
| <b>ASSETS</b>  |                                   |                              |                          |                          |                     |                     |
| Current assets:  |                                   |                              |                          |                          |                     |                     |
| Cash and cash equivalents  | \$ 237,183                        | \$ 547,137                   |                          |                          | \$ 784,320          | \$ 790,647          |
| Accounts receivable (less allowances<br>of \$101,912 in 2012 and \$127,002<br>in 2011) | 145,211                           | 16,541                       | ( \$ 13,284 )            |                          | 148,468             | 161,869             |
| Accounts receivable - intercompany   | 5,878,538                         | 4,452,149                    | 506,308                  | ( \$ 10,836,995 )        | -                   | -                   |
| Refundable income taxes  | 29,667                            |                              |                          |                          | 29,667              | 64,756              |
| Materials and supplies   | 73,323                            | 275,673                      |                          |                          | 348,996             | 383,050             |
| Prepayments  | 107,143                           | 1,833                        | 9,272                    |                          | 118,248             | 109,536             |
| Net current deferred income taxes  | 23,532                            | 19,095                       | 5,262                    |                          | 47,889              | 65,729              |
|  | <u>6,494,597</u>                  | <u>5,312,428</u>             | <u>507,558</u>           | <u>( 10,836,995 )</u>    | <u>1,477,588</u>    | <u>1,575,587</u>    |
| Noncurrent assets:   |                                   |                              |                          |                          |                     |                     |
| Accounts receivable - affiliates   | 871,377                           | 528,737                      |                          |                          | 1,400,114           | 1,212,274           |
| Investment in subsidiary   | 1,000                             |                              |                          | ( 1,000 )                | -                   | -                   |
| Other investments  | 7,216                             |                              |                          |                          | 7,216               | 7,216               |
| Net noncurrent deferred income taxes   | 97,935                            | ( 52,240 )                   | 1,474                    |                          | 47,169              | -                   |
|  | <u>977,528</u>                    | <u>476,497</u>               | <u>1,474</u>             | <u>( 1,000 )</u>         | <u>1,454,499</u>    | <u>1,219,490</u>    |
| Property and equipment:  |                                   |                              |                          |                          |                     |                     |
| Plant in service   | 10,931,895                        | 709,066                      | 490,183                  |                          | 12,131,144          | 12,034,749          |
| Plant under construction   | 45,093                            | ( 1,956 )                    |                          |                          | 43,137              | 2,104               |
|  | <u>10,976,988</u>                 | <u>707,110</u>               | <u>490,183</u>           |                          | <u>12,174,281</u>   | <u>12,036,853</u>   |
| Less, accumulated depreciation   | 9,679,601                         | 491,495                      | 485,802                  |                          | 10,656,898          | 10,123,795          |
|  | <u>1,297,387</u>                  | <u>215,615</u>               | <u>4,381</u>             |                          | <u>1,517,383</u>    | <u>1,913,058</u>    |
|  | <u>\$ 8,769,512</u>               | <u>\$ 6,004,540</u>          | <u>\$ 513,413</u>        | <u>( \$ 10,837,995 )</u> | <u>\$ 4,449,470</u> | <u>\$ 4,708,135</u> |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>  |                                   |                              |                          |                          |                     |                     |
| Current liabilities:   |                                   |                              |                          |                          |                     |                     |
| Accounts payable:  |                                   |                              |                          |                          |                     |                     |
| Operating  | \$ 59,875                         | \$ 31,077                    |                          |                          | \$ 90,952           | \$ 103,485          |
| Stockholder  | 4,001,005                         | 6,835,990                    |                          | ( \$ 10,836,995 )        | -                   | -                   |
| Income taxes payable   |                                   |                              |                          |                          | -                   | 7,602               |
| Other accrued liabilities  | 114,617                           | 27,759                       |                          |                          | 142,376             | 165,154             |
|  | <u>4,175,497</u>                  | <u>6,894,826</u>             |                          | <u>( 10,836,995 )</u>    | <u>233,328</u>      | <u>276,241</u>      |
| Noncurrent liabilities:  |                                   |                              |                          |                          |                     |                     |
| Accounts payable - affiliate   | 12,620                            | 40,964                       | \$ 145,987               |                          | 199,571             | 58,842              |
| Net noncurrent deferred income taxes   |                                   |                              |                          |                          | -                   | 18,820              |
|  | <u>12,620</u>                     | <u>40,964</u>                | <u>145,987</u>           |                          | <u>199,571</u>      | <u>77,662</u>       |
|  | <u>4,188,117</u>                  | <u>6,935,790</u>             | <u>145,987</u>           | <u>( 10,836,995 )</u>    | <u>432,899</u>      | <u>353,903</u>      |
| Stockholders' equity:  |                                   |                              |                          |                          |                     |                     |
| Capital stock  | 41,500                            | 1,000                        |                          | ( 1,000 )                | 41,500              | 41,500              |
| Additional paid-in capital   | 5,302,818                         |                              |                          |                          | 5,302,818           | 5,302,818           |
| Retained earnings (deficit)  | ( 762,923 )                       | ( 932,250 )                  | 367,426                  |                          | ( 1,327,747 )       | ( 990,086 )         |
|  | <u>4,581,395</u>                  | <u>( 931,250 )</u>           | <u>367,426</u>           | <u>( 1,000 )</u>         | <u>4,016,571</u>    | <u>4,354,232</u>    |
|  | <u>\$ 8,769,512</u>               | <u>\$ 6,004,540</u>          | <u>\$ 513,413</u>        | <u>( \$ 10,837,995 )</u> | <u>\$ 4,449,470</u> | <u>\$ 4,708,135</u> |

## WEST SIDE TELEPHONE COMPANY AND SUBSIDIARIES

CONSOLIDATING STATEMENTS OF INCOME

|  | 2012 Consolidating Information    |                              |                          |                        | Consolidated                    |                  |
|--|-----------------------------------|------------------------------|--------------------------|------------------------|---------------------------------|------------------|
|  | West Side<br>Telephone<br>Company | Communications<br>Plus, Inc. | Westco<br>Internet, Inc. | Eliminating<br>Entries | Years Ended December 31<br>2012 | 2011             |
| Operating revenues:                                |                                   |                              |                          |                        |                                 |                  |
| Basic local network service                        | \$ 818,980                        | \$ 114,932                   |                          |                        | \$ 933,912                      | \$ 920,270       |
| Network access and long distance<br>revenue        | 1,701,324                         | 147,013                      |                          | ( \$ 162,090 )         | 1,686,247                       | 1,825,870        |
| Other sales and service revenue                    | 45,628                            | 734,156                      | \$ 571,743               | ( 29,295 )             | 1,322,232                       | 1,403,192        |
| Miscellaneous                                      | 137,853                           | 60,440                       |                          | ( 34,456 )             | 163,837                         | 175,924          |
| Less, uncollectible operating revenues             | ( 9,600 )                         | ( 5,600 )                    | ( 500 )                  |                        | ( 15,700 )                      | ( 31,689 )       |
|  | <u>2,694,185</u>                  | <u>1,050,941</u>             | <u>571,243</u>           | <u>( 225,841 )</u>     | <u>4,090,528</u>                | <u>4,293,567</u> |
| Operating expenses:                                |                                   |                              |                          |                        |                                 |                  |
| Plant specific operations                          | 697,462                           | 53,936                       |                          | ( 51,197 )             | 700,201                         | 687,780          |
| Plant nonspecific operations                       | 105,532                           | 213,370                      |                          |                        | 318,902                         | 378,804          |
| Depreciation and amortization                      | 451,804                           | 84,000                       | 18,620                   |                        | 554,424                         | 600,367          |
| Customer operations                                | 258,684                           | 71,159                       |                          |                        | 329,843                         | 332,038          |
| Corporate operations                               | 1,255,859                         | 254,234                      | 317                      |                        | 1,510,410                       | 1,473,388        |
| Cost of other sales and service                    | 48,287                            | 474,059                      | 410,963                  | ( 174,644 )            | 758,665                         | 1,018,017        |
| Operating taxes                                    | 85,131                            | 51                           |                          |                        | 85,182                          | 43,081           |
|  | <u>2,902,759</u>                  | <u>1,150,809</u>             | <u>429,900</u>           | <u>( 225,841 )</u>     | <u>4,257,627</u>                | <u>4,533,475</u> |
| Operating income (loss)                            | ( 208,574 )                       | ( 99,868 )                   | 141,343                  | -                      | ( 167,099 )                     | ( 239,908 )      |
| Nonoperating expense:                              |                                   |                              |                          |                        |                                 |                  |
| Interest expense                                   | 44                                |                              |                          |                        | 44                              | 909              |
| Income (loss) before income taxes                  | ( 208,618 )                       | ( 99,868 )                   | 141,343                  | -                      | ( 167,143 )                     | ( 240,817 )      |
| Federal and state income tax expense<br>(benefits) | ( 82,097 )                        | ( 16,510 )                   | 44,125                   |                        | ( 54,482 )                      | 2,072            |
| Net income (loss) for the years                    | ( \$ 126,521 )                    | ( \$ 83,358 )                | \$ 97,218                | \$ -                   | ( \$ 112,661 )                  | ( \$ 242,889 )   |

## WEST SIDE TELEPHONE COMPANY AND SUBSIDIARIES

CONSOLIDATING STATEMENTS OF CASH FLOWS

|  | 2012 Consolidating Information    |                              |                          |                        | Consolidated                    |                   |
|--|-----------------------------------|------------------------------|--------------------------|------------------------|---------------------------------|-------------------|
|  | West Side<br>Telephone<br>Company | Communications<br>Plus, Inc. | Westco<br>Internet, Inc. | Eliminating<br>Entries | Years Ended December 31<br>2012 | 2011              |
| Cash flows from operating activities:  |                                   |                              |                          |                        |                                 |                   |
| Net income (loss) for the years  | ( \$ 126,521 )                    | ( \$ 83,358 )                | \$ 97,218                |                        | ( \$ 112,661 )                  | ( \$ 242,889 )    |
| Adjustments to reconcile net income (loss) to net cash provided by operating activities: |                                   |                              |                          |                        |                                 |                   |
| Depreciation and amortization  | 451,804                           | 84,000                       | 18,620                   |                        | 554,424                         | 600,367           |
| Allowance for uncollectible accounts   | ( 13,932 )                        | ( 10,218 )                   | ( 8,002 )                |                        | ( 32,152 )                      | 16,251            |
| Deferred income taxes  | ( 49,867 )                        | 2,979                        | ( 1,261 )                |                        | ( 48,149 )                      | 68,525            |
| Changes in assets and liabilities:   |                                   |                              |                          |                        |                                 |                   |
| Accounts receivable  | 30,858                            | 14,695                       |                          |                        | 45,553                          | ( 11,451 )        |
| Accounts receivable - intercompany   | ( 678,777 )                       | ( 763,991 )                  | ( 138,983 )              | \$ 1,581,751           | -                               | -                 |
| Accounts receivable - affiliates   | ( 75,307 )                        | 1,112                        | 44,962                   |                        | ( 29,233 )                      | ( 177,167 )       |
| Refundable income taxes  | 35,089                            |                              | ( 7,602 )                |                        | 27,487                          | ( 19,523 )        |
| Materials and supplies   | 2,379                             | 31,675                       |                          |                        | 34,054                          | 157,072           |
| Prepayments  | ( 11,237 )                        | 315                          | 2,210                    |                        | ( 8,712 )                       | 11,679            |
| Accounts payable   | ( 12,248 )                        | ( 285 )                      |                          |                        | ( 12,533 )                      | ( 189,206 )       |
| Accounts payable - stockholder   | 739,214                           | 842,537                      |                          | ( 1,581,751 )          | -                               | -                 |
| Accounts payable - affiliate   |                                   | ( 17,878 )                   |                          |                        | ( 17,878 )                      | 46,835            |
| Other accrued liabilities  | ( 29,363 )                        | 6,585                        |                          |                        | ( 22,778 )                      | ( 30,780 )        |
| Net cash provided by operating activities  | <u>262,092</u>                    | <u>108,168</u>               | <u>7,162</u>             | <u>-</u>               | <u>377,422</u>                  | <u>229,713</u>    |
| Cash flows from investing activities:  |                                   |                              |                          |                        |                                 |                   |
| Extension and replacement of plant   | ( 147,969 )                       | ( 3,618 )                    | ( 7,162 )                |                        | ( 158,749 )                     | ( 328,333 )       |
| Cash flows from financing activities:  |                                   |                              |                          |                        |                                 |                   |
| Dividends paid   | ( 225,000 )                       |                              |                          |                        | ( 225,000 )                     | ( 225,000 )       |
| Net increase (decrease) in cash  | ( 110,877 )                       | 104,550                      | -                        |                        | ( 6,327 )                       | ( 323,620 )       |
| Cash and cash equivalents at beginning of years  | <u>348,060</u>                    | <u>442,587</u>               | <u>-</u>                 |                        | <u>790,647</u>                  | <u>1,114,267</u>  |
| Cash and cash equivalents at end of years  | <u>\$ 237,183</u>                 | <u>\$ 547,137</u>            | <u>\$ -</u>              | <u>\$ -</u>            | <u>\$ 784,320</u>               | <u>\$ 790,647</u> |
| Cash expended during the years for:  |                                   |                              |                          |                        |                                 |                   |
| Interest   | <u>\$ 44</u>                      | <u>\$ -</u>                  | <u>\$ -</u>              |                        | <u>\$ 44</u>                    | <u>\$ 909</u>     |
| Income taxes   | <u>\$ -</u>                       | <u>\$ -</u>                  | <u>\$ -</u>              |                        | <u>\$ -</u>                     | <u>\$ 27,125</u>  |